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With these qualifications the development of the principles of rate control seems to have been very similar in the two countries, and the Canadian Board (created later than our own) has found it possible to cite many precedents from this side of the border for its views of the merits of the cases before it. The development of principles has come through settling particular cases as they arose, and it appears that the smaller grist of cases in Canada, together with the limitations already mentioned, has meant a less complete working out of principles. In the matter of the level of earnings the importance of valuation is clearly recognized, but deficits have been so large that it has been possible to settle cases without committing the Board to particular rules of valuation.

The first part of the book describes the development of the waterway and railway systems of Canada, the general policy of government, and the machinery of public control, thus establishing the environment within which the Board of Railway Commissioners has worked out the rate rulings which are analyzed in the second part. One could wish that the law under which this Board acts had been presented more fully and explicitly, especially as the author later refers to it as limiting the scope of the Board's decisions.

The author takes fundamental rate theories for granted as having "been adequately enough explored" by other writers, and his own study merely shows them at work; the "value-of-commodity" principle, itself sadly in need of probing and analysis, is apparently taken as one of the fundamental theories. In style the book leaves something to be desired, but it will be a welcome addition to the literature of the subject.

J. M. CLARK

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*British Railways: Their Development and Their Relation to the State.* By EDWARD CLEVELAND-STEVENS, M.A. London: George Routledge & Sons, Limited; N.Y.: E. P. Dutton & Co., 1915. Pp. xvi+332.

Mr. Cleveland-Stevens' book, which is also a doctor's thesis of the University of London, undertakes to make a scientific study of the course of railway amalgamation in Great Britain up to the year 1900, utilizing the material in the Acworth Transport Collection at the London School of Economics. It is a careful study, well written and remarkably compact. The author notes the difficulty of giving statistical expression to the growth of amalgamation because of the varying import of different forms of control, and because neither capital nor mileage is an adequate measure of the importance of different combinations. He therefore concludes that maps are the best resource.

While the book is intended as a record of fact, the author presents certain conclusions which are of interest. The haphazard growth of the British railways has been an expensive luxury, but a fairly harmonious system has finally emerged, and "the public have undoubtedly gained in transport facilities by the existence of lines which would have been considered unnecessary if a comprehensive scheme of railways had been established in the first instance." As for the fact that English railways have cost more to construct than those of any other country, this is not the fault of the roads but of the system under which they were built. They were compelled to pay high prices for land, to "spend capital without regard to their ability to secure adequate return upon it," and were subjected to other burdens by legislature, government departments, and public opinion. The accounting methods in the matter of capital expenditures, to which American writers have been inclined to attribute some part of the large capitalization of British railways, are conspicuous by their absence from Mr. Cleveland-Stevens' treatment of this subject.

The author holds that the general effect of amalgamation has been to reduce charges, since the small, conflicting systems could not be operated efficiently. He points out that "the largest railway system in England has but a seventh part of the mileage controlled by the management of a great American company," and he holds that with proper decentralization of management combination could go considerably farther with resulting gains in efficiency. But whether combination is or is not destined to go to the limit, competition is not to be relied on as a controlling force, and a strong and permanent regulating body is needed. The Traffic Act of 1894, by making existing rates the presumptive standard in future cases, put an effective check on the competitive lowering of rates as well as on any possible monopolistic increases, and this step would perhaps not have been taken had there been at that time any active competition worth mentioning. Apparently there is more readiness in England than in America to abandon the remnants of competition, and the possibility of continued government operation might seem to be larger in England than in the United States.

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*From Isolation to Leadership. A Review of American Foreign Policy.*

By JOHN HOLLADAY LATANÉ. New York: Doubleday, Page & Co., 1918. Pp. 215. \$1.00.

In brief, clear, and readable form Professor Latané has outlined the main developments of American foreign policy. The origin of our policy of isolation, the formulation and development of the Monroe Doctrine, our attitude on arbitration and the "Open Door," and the events and forces which brought us into the war are all dealt with. Another section might well have been added on our doctrine of the "freedom of the seas." The author quite rightly emphasizes the fact that Washington warned only against "permanent alliances"